

**ATTACHMENT I  
TO THE NOVEMBER 30, 2000 LETTER  
VETOING ORDINANCE NO. 13999  
ADOPTING THE 2001 ANNUAL BUDGET**

This Attachment is a supporting document to my veto in its entirety of Ordinance #13999, including all attachments. In this Attachment, I have outlined the areas of primary concern regarding the majority of the sections contained in the Council's budget.

Of particular concern is the fact that we have been forced to show numerous unexplained differences in agency budgets. The Budget Office has not received a report detailing the differences between the Proposed budget and Council's version of the budget as is customary. This report was not made available to the Budget Office on the grounds that it should not be shared until a final budget is adopted.

Other areas of concern include:

Section 4. Pages 2 through 3, lines 27 through 54.

The vacancy restriction imposed on Current Expense departments is based on an inaccurate payroll report, and therefore the analysis and reductions in appropriations are not appropriate based upon the information used to develop the restrictions. Reductions have been made for FTE positions that are not currently vacant. These positions are filled with FTEs or back-filled, and are performing bodies of work necessary to fulfill the departmental missions. The staffing reduction has the impact of severely limiting each affected department's capacity to provide core services to County constituents. As the Executive of this County, it is my prerogative to impose a hiring freeze as a means of controlling expenditures and to avoid exceeding authorized appropriations. I reject the notion that vacancy management resides within the policy-setting body of this government. I reserve my right as the Chief Executive Officer of this government to manage human resources to achieve the goals of the County.

The appropriations in the Proposed budget included staffing levels necessary to implement the services planned for each department in 2001. A requirement to seek supplemental appropriations is an inefficient process and runs the risk of expenditure before appropriation as we experienced in prior years.

Section 5. COUNTY COUNCIL: Pages 3 through 4, lines 55 through 79.

Council's appropriation of \$5,356,243 is \$347,484 higher than the Proposed budget and \$540,667 higher than the 2000 funding level for this agency. These increases are unexplained. In light of the level of reductions requested and submitted by other Current Expense agencies, it is only equitable that all King County agencies, including Council agencies, accommodate reduced funding in 2001.

Section 6. COUNCIL ADMINISTRATION: Pages 4 through 5, lines 80 through 94.

Council's appropriation of \$6,984,078 is \$563,904 higher than the Proposed budget and \$512,660 and 0.5 FTEs higher than the 2000 funding level for Council Administration. These increases are unexplained. In light of the level of reductions requested and submitted by other Current Expense agencies, it is only equitable that all King County agencies, including Council agencies, accommodate reduced funding in 2001.

Section 8. COUNCIL AUDITOR: Page 5, lines 99 through 102.

Council's appropriation of \$1,367,024 is \$147,232 higher than the Proposed Budget and \$167,774 higher than the 2000 funding level for the Council Auditor. This increase is unexplained. In light of the level of reductions requested and submitted by other Current Expense agencies, it is only equitable that all King County agencies, including Council agencies, accommodate reduced funding in 2001.

Section 9. OMBUDSMAN/TAX ADVISOR: Page 5, lines 103 through 106.

Council's appropriation of \$755,580 is \$39,805 higher than the Proposed budget and \$59,073 higher than the 2000 funding level for the Ombudsman/Tax Advisor. This increase is unexplained. In light of the level of reductions requested and submitted by other Current Expense agencies, it is only equitable that all King County agencies, including Council agencies, accommodate reduced funding levels in 2001.

Section 10. KING COUNTY CIVIC TELEVISION: Page 5, lines 107 through 115.

Council's appropriation of \$486,787 is \$28,213 and 1.00 FTE higher than the Proposed budget and \$34,287 and 1.00 FTE higher than the 2000 funding level for the King County Civic Television. In light of the level of reductions requested and submitted by other Current Expense agencies, it is only equitable that all King County agencies, including Council agencies, accommodate reduced funding levels in 2001.

Section 11. BOARD OF APPEALS: Page 6, lines 116 through 129.

Council's appropriation of \$493,535 is \$47,342 higher than the Proposed budget and \$24,620 higher than the 2000 funding for the Board of Appeals. In light of the level of reductions requested and submitted by other Current Expense agencies, it is necessary that all King County agencies equitably share in cost reductions.

Section 13 DEPUTY COUNTY EXECUTIVE: Pages 6 through 10, lines 134 through 225.

Council's appropriation of \$2,647,719 is \$37,844 lower than the Proposed budget. Additionally, the Council provisos add a significant body of work to this agency while at the same time restricting the expenditure of approximately 33% of the total agency

budget. This represents the restriction of approximately \$900,000 out of a \$2.6 million budget.

The vacancy restriction will require a cut of 1.2 FTEs for 6 months, which represents 5% of this agency's workforce. This reduction would be in addition to the 1.0 FTE cut in the Proposed budget. The Deputy County Executive cannot perform or adhere to the provisos without sufficient staffing and resources to perform the required bodies of work.

The Budget Development Task Force proviso is inappropriate because it is not supported by any appropriation for the Deputy County Executive to carry out the extensive elements of this proviso.

Section 14. BUDGET OFFICE: Pages 10 through 15, lines 226 through 346.

Council's appropriation of \$3,061,412 is \$255,450 below the Proposed appropriation, which already includes a 6% target reduction taken by the Budget Office. This appropriation identifies the reduction as a vacancy restriction, which by our analysis translates to 8.0 FTEs over a 6-month period. This will reduce the number of budget analysts by 22%. This reduction in workforce will severely limit the ability of the Budget Office to provide core services to all County departments and will reduce the volume, quality and level of review that will be possible, while at the same time an increased body of work is being required by the ten provisos in the Council's budget ordinance.

In the current revenue environment, more work and analysis will be needed to find efficiencies and balance the budget. With an out-year deficit of over \$40 million, the financial picture will only worsen which will increase the workload while the Budget Office personnel resources are being limited by a vacancy restriction.

Not only will the Budget Office not be able to provide the aforementioned services, but it will be difficult to comply with any of the provisos specified in the Council's budget ordinance. The Vacancy Restriction proviso represents a cut to the Budget Office appropriation based on speculative analysis, and is not based on fact. The vacancy restriction is computed from an inaccurate payroll report. The restriction does not accurately represent the capacity of the Budget Office to absorb the described reductions.

The Current Expense Financial Plan proviso is unnecessary in that the Proposed budget already provides the requested elements.

The Payroll Vacancy Report proviso requires the Budget Office to be responsible for a payroll report that it does not control. The ARMS system is operated and controlled entirely by the Finance Department. The Budget Office is a user of that system and does not control the accuracy of the information in the reports produced. For the Budget Office to produce an additional vacancy report concurrently with the ARMS report would be a duplication of effort and therefore inefficient as well as adding work to a department severely hampered by vacancy restrictions.

The Actuals in Essbase proviso would require significant additional work and FTE resources, and no appropriation was provided to pay for the additional costs. Essbase is not the budget book of record for the County financial system. The ARMS/IBIS general ledgers are the budget books of record for King County. Essbase is only a budget preparation system used in preparing the budget, and it is not a database containing actual expenditures. ARMS and IBIS General Ledgers are the County's financial books of record for budget, supplements and actuals. The ARMS and IBIS systems already contain the information described in the proviso. The Budget Office balances all appropriations and supplements to ARMS/IBIS at end year for this very reason. The financial systems already exist to track informational needs. Specifically, ARMS/IBIS and BOSS (Budget Online Status System) are these tools and are funded in the internal service rates that Finance charges to County departments.

The List Databases proviso is unnecessary in that we already provide database information, rate and cost allocation methodology to Council staff as requested. MBase and Essbase are made available as soon as the Proposed budget is prepared and transmitted to Council. Internal service rate methodologies and cost allocation models have always been provided to Council staff as requested and needed. Database information should be provided to Council to support policy development rather than policy implementation.

The Council included three criminal justice-related provisos for which the Budget Office is required to complete in-depth analyses, but fails to provide the Budget Office with the resources necessary to complete the work. The vacancy reductions included by the Council eliminate a vacant criminal justice policy analyst position while dramatically increasing the Budget Office's criminal justice workload through the provisos. Moreover, the second of these three provisos creates an additional financial strain on the County's criminal justice agencies by requiring them to generate savings in their existing budgets to be applied to prevention programs. The criminal justice agencies are required to do this at the same time that the Council budget reduces funding for these agencies to provide basic services.

Finally, the third criminal justice-related proviso creates a significant liability for the Current Expense Fund by encouraging the County's criminal justice agencies to request mid-year supplemental appropriations to accommodate workload increases. As with the previous proviso, the Council budget allows for this while reducing funding for the basic services provided by these agencies, making the possibility of mid-year supplemental appropriation requests very likely. Even more concerning is the lack of reserves provided by the Council budget to accommodate these future funding requests. In fact, the costs of restoring all Council reductions to criminal justice agencies would exceed the \$2 million reserved in Executive Contingency.

Section 15. FINANCE - CX: Page 15, lines 347 through 349.

Council's appropriation of \$2,619,733 is \$40,110 less than the Proposed budget. This reduction will directly impact treasury services, which provides property tax collection

services for the County's Current Expense Fund and other taxing jurisdictions. One minor impact of this reduction is the elimination of the use of overtime; however, the inability to utilize overtime during the peak property tax collection periods will cause delay in payment processing, which will result in the loss of interest revenue to the County of at least \$71,592. In addition, this delay may interfere with the King County Treasurer's ability to fulfill its responsibility to the cities and other taxing jurisdictions. This situation could cause the cities and other jurisdictions to sue the County for unearned interest.

Section 16. OFFICE OF REGIONAL POLICY AND PLANNING: Pages 15 through 17, lines 350 through 385.

The appropriation of \$5,946,713 fails to provide adequate resources for the Office of Regional Policy and Planning (ORPP) to comply with the mandatory requirements of the State Growth Management Act. The number of FTEs combined with the vacancy restriction represents a 68% reduction in staffing for six months, and an on-going reduction of 53%. Furthermore, since there are currently no vacancies in ORPP's budget, these requirements would result in total layoffs of 18.5 FTEs at the end of 2000.

In addition, Council included a proviso which adds \$175,000 of unfunded special projects to ORPP's budget, and a proviso restricting expenditure of \$300,000 pending submission of a plan to provide long-term funding sources for Emergency Medical Services (EMS). This is not currently a work plan item contemplated in ORPP's 2001 budget. With only the limited remaining programmatic funding level and FTEs, ORPP will be unable to fulfill the following work plan items for 2001: preparation of 2001 and 2002 comprehensive plan amendments, implementation of the 2000 Comprehensive Plan which includes rural strategies and Endangered Species Act implementation, compliance with the State Buildable Lands requirements, management of the Transfer of Development Credits Program, implementation of economic development programs such as the Southwest King County Economic Development Strategy, the Brownfields program, and the King County Jobs Initiative, staffing the Growth Management Planning Council, and negotiation with cities and preparation of interlocal agreements relating to GMA compliance, capital projects, and service delivery.

Section 17. SHERIFF: Page 17, lines 386 through 405.

Council's appropriation of \$86,223,976 fails to provide the Sheriff with sufficient funds to ensure public safety for residents of unincorporated King County. The Council budget reduces funding to the Sheriff by \$794,672 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. The Sheriff, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore the Sheriff's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires the Sheriff to generate \$135,717 in savings through vacancy reductions. A cut of this magnitude would require the Sheriff to eliminate 6 deputies for six months, reducing the number of officers that the Sheriff can deploy to protect residents of unincorporated King County. Further reductions of \$46,309 are required to eliminate temporary positions that are not vacant.

The Council budget reduces the funding to the Sheriff's 53000 accounts by \$76,144. This reduction could jeopardize officer safety by reducing the money the Sheriff has available for officer training.

Finally, the Council budget assumes that the Sheriff will extend the amount of time for the replacement of patrol vehicles from the current 6 years to 7 years generating a savings of \$536,502. Unfortunately, this will not generate a net savings to the Sheriff or the Current Expense Fund as the savings will be entirely shifted to increased maintenance costs. Moreover, the existing replacement schedule already exceeds national standards. The Council budget assumes that this change will not adversely affect the safe operation of the Sheriff's vehicle, but fails to formally document this as the case.

Section 19. OFFICE OF CULTURAL RESOURCES: Pages 18 through 19, lines 410 through 443.

The Office of Cultural Resources is supported by the Current Expense Fund, and the Council's appropriation is approximately 25% higher than the total in the Proposed budget. In view of the many competing demands on the Current Expense Fund and the likelihood of supplemental requests from other Current Expense agencies in 2001 if the Council's budget were approved, all such expenditures must be subject to close scrutiny. The task of re-evaluating the Current Expense budget and rebalancing the Current Expense financial plan requires therefore that all proposed Current Expense expenditures be considered in the light of the County's highest priorities.

Section 20. PARKS AND RECREATION: Pages 19 through 23, lines 444 through 549.

Council's appropriation of \$24,459,138 for Parks and Recreation fails to provide sufficient funds for the County's 2001 Parks and Recreation programs.

Specifically, the Council budget requires the Parks and Recreation Department to generate \$315,776 in savings through vacancy reductions. A cut of this magnitude would require the Parks and Recreation Department to eliminate 8.0 positions from its workforce for six months. The reduced staffing levels will negatively impact King County residents by restricting hours at Forward Thrust pools and disrupting programs and activities for children and families. Further, the staffing reduction inhibits administrative activities such as collection of budgeted revenue and suspends maintenance of department software that provides on-line scheduling of park facilities and programs to parks users.

In addition, the Council budget requires Parks and Recreation to appropriate \$538,395 of its funding for Council added special programs. However, Council does not provide revenue for the expenditures. Consequently, Parks and Recreation will need to reduce or eliminate core programs and services within its base budget in order to fund these Council-added special requirements. Two of the Council-added special programs necessitate additional FTEs, yet no additional FTE authority nor revenue is provided to support the additional work of the Council requirements.

The council proviso withholding critical funding for the department's maintenance division severely cripples the department's maintenance activities Countywide. Specifically, the mowing of parks will be reduced, more facilities maintenance will be deferred and there could be possible layoffs of maintenance workers. Parks and Recreation supports presenting a list of all maintenance projects to the council on or before June 1, 2001 therefore, the withholding maintenance budget appropriation is unnecessary.

The proviso mandating the transfer of Juanita Beach Park to the City of Kirkland is in conflict with County Parks, Recreation and Open Space Plan adopted by Council in June 1996. The plan retains regional parks such as Juanita Beach Park as County parks. This Council requirement directs the department to transfer a park via the budget process and withholds \$150,000 of maintenance funds to ensure compliance with the Council directive. When this park is redeveloped following the County master plan now underway, it will return a positive revenue stream to the King County Park System.

In addition, requiring Parks and Recreation to develop a proposal to expand and assume responsibility for North Sea-Tac Park is in conflict with an existing agreement with the City of Sea-Tac. Under the current agreement, the City of Sea-Tac has responsibility for the facility. Further, there is no funding available for Parks and Recreation to undertake this new requirement. This action places the County on an expensive path to incur millions of dollars in new capital costs, in addition to the \$6 million already spent at this park when it was operated under County supervision. Expenditures exceeding \$300,000 per year in maintenance costs could be expected.

The Council budget further reduces the Parks and Recreation budget by \$140,000. It is assumed that this cut is to come from reduced expenditures in the department's 53000 accounts. Such reductions could further jeopardize the Parks Department's ability to successfully maintain its properties and would likely result in the closure of facilities and severely reduce programs for system users.

Section 21. RESOURCE LANDS & OPEN SPACE: Pages 23 through 24, lines 550 through 570.

Council's appropriation for Resource Lands and Open Spaces (RLOS) – a Current Expense Fund agency - includes expenditures for which the revenue sources were not re-authorized. As a result of Council's failure to re-enact the Rural Drainage Program (RDP) fee and the KCD assessment, there are revenue holes in this appropriation unit. These

include \$292,600 from loss of RDP revenues for 3.6 FTEs (one Livestock Coordinator, one Forester, 0.4 Agriculture Specialist and 0.2 Fish and Ditch Coordinator), and about \$150,000 from KCD revenues for another livestock position, 0.5 Farmbudsman and 0.3 Agriculture Specialist. Absent these revenue sources, Council has attempted to restore funding to program areas by drawing on a number of problematic sources. On October 16, 2000, I transmitted an ordinance to the Council which would have extended the existing KCD \$5/parcel fee. This is a more appropriate source of funding for the ongoing activities I proposed to fund with this revenue source.

Without the RDP and KCD fees, this agency will lose a great deal of its ability to help rural landowners respond to changing environmental regulations. Finally, the vacancy restriction calculated for this small agency was based on inaccurate data and would affect its ability to provide needed services.

Section 22. INFORMATION AND ADMINISTRATIVE SERVICES, ADMIN.:  
Pages 24 through 25, lines 571 through 580.

Council's appropriation of \$1,284,167 will result in reduced service levels in the Office of Civil Rights Enforcement (OCRE) and will directly impact case processing time.

Council's budget creates a total reduction of \$22,752 and 1.2 FTEs affecting one Civil Rights Specialist and printing, postage and contract services. If the Council's budget is implemented, OCRE would be forced to reduce its investigation and/or disability access resources for 6 months. Assistance to County departments regarding disability access would be reduced by 25%, and investigation of discrimination complaints would be reduced by nearly 20%. Case processing time and general response time would significantly increase.

Section 23. OFFICE OF EMERGENCY MANAGEMENT: Page 25, lines 581  
through 589.

Council's appropriation of \$947,816 for the Office of Emergency Management (OEM) will negatively impact an already limited staff. The total reduction of \$48,447 and 2.0 FTEs, with cuts to operating accounts and cuts to two positions: 1.0 Emergency Management Program Coordinator who conducts internal and external training in emergency management disciplines and public education in disaster preparedness, and 1.0 Emergency Management Program Coordinator who analyzes Emergency Operations Center (EOC) operations and operational readiness. The Office of Emergency Management is a critical part of our public safety environment.

The operations position is the most critical in the OEM structure since it is the position that maintains operational readiness for the EOC and normally serves as the Supervisor during EOC activations. By not filling the Training/Public Education position, there will be no public education efforts in disaster preparedness in the unincorporated areas, no participation in public education activities conducted by the suburban jurisdictions, no



training offered to internal County agencies in disaster preparedness and emergency management, and no participation with suburban jurisdictions in this training.

The impact of cuts to the operating accounts will result in the elimination of printing, distribution, and mailing of emergency preparedness education materials. This includes updates to the County's Emergency Management Plan, training materials, and public education materials.

Section 24. LICENSING AND REGULATORY SERVICES: Page 25, lines 590 through 598.

Council's appropriation of \$6,342,263 is insufficient and fails to recognize the need for Licensing and Regulatory Services to: (1) provide animal control field services and enforcement to the public; (2) achieve full cost recovery of the animal control program; and (3) provide timely services to the residents of King County.

With only the funding level in the Council's budget, Licensing and Regulatory Services will be forced to make a significant reduction in animal control field services and enforcement efforts. This reduction will result in longer response time for service calls, the elimination of dead animal retrievals, and a reduction in the number of traps provided to citizens for feral cats.

Second, the limited funding level will impact the ability to achieve full cost recovery for the animal control program as mandated by the Council. The elimination of TLTs will directly result in reduced revenue levels for pet license cost recovery efforts. The reduction may result in the closure of the East Side Adoption Shelter in order to meet the Council's staffing restriction. It also poses a risk to the County's relationships with the 31 contracting cities.

Third, the reductions on postage will impact the licensing service level to the public. Vehicle license tabs, pet licenses, and license plates are currently mailed to the customers, but without sufficient funding, citizens will be forced to travel to downtown to pick up licenses or visit subagency offices to pick up renewal vehicle tabs.

Section 25. OFFICE OF HUMAN RESOURCES MANAGEMENT: Pages 25 through 27, lines 599 through 636.

Council's appropriation of \$6,601,127 reduces the Proposed budget by \$647,245. This reduction consists of \$321,669 in vacancy restrictions and \$307,448 of undetermined budget items. Inadequate funding will impact training programs and the ability to retain consultants. OHRM will also have problems maintaining service levels in labor relations and negotiations, recruitment and hiring support, organizational development, consulting, and support in diversity services.

With the Council's funding level, OHRM will not be able to provide a report on the Body of Work review and TLT positions as required in the provisos due to lack of resources.

The inability to fill the vacant programmer positions will severely restrict OHRM's ability to maintain and modify key database applications, such as the Temporary Employee Tracking system, the interim database used for the Classification/Compensation Project and other uses, the annual Body of Work review process, and Open Enrollment. As a result, OHRM will have difficulty meeting reporting requirements such as the use of temporary and TLT positions. OHRM will also be unable to implement the Clark lawsuit settlement due to inability to fill restricted TLT positions.

Section 26. CABLE COMMUNICATIONS: Page 27, lines 637 through 640.

The Council's budget restores the I-Net low org to Cable Communications. This low org had been transferred to the I-Net Operations Unit in the Department of Information and Telecommunications Services (ITS) in the Proposed budget. However, Council's budget did not fund the I-Net Operations Unit, and consequently moved 6.00 FTEs back to Cable Communications from the proposed I-Net Operations Unit low org. These FTEs will be retained to install the remaining I-Net core equipment and work with the Council's consultant to determine the future of the County's I-Net involvement. The I-Net low org in the Office of Cable Communications would thereby be restored with a reduced staff. The remaining 8.00 FTEs and 3.00 TLTs that had been working to complete the installation of I-Net equipment (funded in previous years through the I-Net capital project) have not been included in this budget, and would therefore be eliminated. This cut also relates to the I-Net Operations section which follows Section 100 - Radio Communications Services in this document, as well as the I-Net Capital Project (fund #3482), where Council's budget included a sizeable disappropriation pending its determination of future options with regard to the I-Net.

Section 27. PROPERTY SERVICES: Page 27, lines 641 through 649.

The proviso would require the Property Services Division to leave three positions vacant for the first six months of 2001. Two of the positions are revenue-backed through the work they perform for the Roads Division of the Department of Transportation. Leaving those positions vacant results in a net loss to the Current Expense Fund rather than a savings because those two positions are fully reimbursable including overhead. In effect, the County Council has programmed their assumed savings for other purposes when there is really no money to fund that action. Permit fees, paid by utility companies among others, support the third position, a franchising officer. Not filling this position will significantly reduce the Division's ability to process permit applications in a timely manner and will hamper the Division's efforts to negotiate a new franchise with Puget Sound Energy, a negotiation that will have significant issues to address. Without the revenue-backed FTE authority necessary to perform the Roads Division and the utility permit work, the Division may need to contract out for acquisition services to meet its responsibilities and shift staff resources within the Division to deal with the highest priority work.

Section 29. RECORDS AND ELECTIONS: Page 28, lines 654 through 674.

Council's appropriation of \$8,836,744 is insufficient and fails to recognize the need for Records and Elections to: (1) provide timely customer service; (2) begin the 10-year census redistricting project beginning in July; and (3) provide full support for the primary voter's pamphlet.

First, the vacancy restriction imposed by Council will compromise the customer service level in the Recorder's Office and the Voter Registration division. The corresponding reductions to operating accounts will impact the ability to mail absentee ballots, voter registration notices, and recorded documents to the public.

Second, the Proposed budget included 3.0 TLTs to work in the GIS area to begin the 10-year census redistricting project in July as required by federal law. With the restriction placed on these positions, the ability to comply with the redistricting schedule will be seriously jeopardized.

Third, the Council added a proviso that in effect reduces the funding for primary voter's pamphlet by \$83,955. With only the Council's funding level, Records and Elections cannot absorb the \$83,955 cost to produce and mail the primary voter's pamphlet. In order to provide full support for a voter's pamphlet instead of a postcard version, full funding of \$186,473 would be required. Without additional funding and removal of the funding restrictions, the voter's pamphlet cannot be mailed to registered voters in King County.

Section 30. PROSECUTING ATTORNEY: Pages 28 through 29, lines 675 through 686.

Council's appropriation of \$37,229,752 fails to provide the Prosecuting Attorney with sufficient funds to prosecute criminal cases. The Council budget reduces funding to the Prosecuting Attorney by \$396,529 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. The Prosecuting Attorney, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore the Prosecuting Attorney's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires the Prosecuting Attorney to generate \$348,000 in savings through vacancy reductions. A cut of this magnitude is the equivalent of the salaries and benefits of 14 positions or 3% of its workforce for six months. These reductions come at a time when felony caseloads are increasing by approximately 15%. The reduced staffing levels will extend the time it takes to prosecute criminal cases and could lead to increased inmate populations at the King County Correctional Facilities. The Proposed budget added 6.0 FTEs and \$313,397 for workload-based additions to the

Criminal Division. The Council's reductions more than offset this addition and provides no relief for the Prosecuting Attorney's record workload levels.

The Council budget also requires the Prosecuting Attorney to take reductions of \$48,529 to its 53000 and other accounts. It is assumed that this cut is to come from reduced expenditures in the department's 53000 accounts. Important services such as witness expenses are paid for out of these accounts. Such reductions could further jeopardize the Prosecuting Attorney's ability to successfully prosecute cases and protect the safety of the citizens of King County.

Section 32. SUPERIOR COURT: Page 29, lines 690 through 701.

Council's appropriation of \$31,447,233 fails to provide Superior Court with sufficient funds to adjudicate felony and civil cases generated in King County. The Council budget reduces funding to Superior Court by \$263,931 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. Superior Court, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore Superior Court's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires Superior Court to generate \$107,897 in savings through vacancy reductions. To achieve a reduction of this magnitude, the Court will eliminate over 5 positions for six months, reducing the ability of the Court to efficiently adjudicate cases at a time when felony caseloads are increasing approximately 8% per year during the last four years.

The Court's ability to efficiently adjudicate cases is further jeopardized by \$156,034 in reductions to 53000 and other accounts. Cuts of this magnitude will require the Court to reduce the level of legally mandated services it provides. Such service reductions will include limiting the funding available for legally required jury fees and postage for jury summons. The Council reductions will also limit funding for interpreters, limiting or delaying access to non-English speaking users of the Court system. Additionally, Council reductions will limit the number of guardians ad litem (GALs) that the Court can appoint. GALs are appointed in cases involving the elderly, individuals with developmental disabilities and children when they are at risk of others taking financial, health and/or emotional advantage of their situation. The Council reductions will also reduce the Court's funding for pro tem judges, which would extend the time it takes the Court to process cases. Finally, the Council reductions will reduce funding for secure visitation and stay-in-school programs.

Section 33. DISTRICT COURT: Pages 29 through 30, lines 702 through 712.

Council's appropriation of \$20,767,176 fails to provide District Court with sufficient funds to adjudicate misdemeanor cases generated in unincorporated King County and in

the contracting cities. The Council budget reduces funding to District Court by \$196,245 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. District Court, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore District Court's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires District Court to generate \$147,000 in savings through vacancy reductions. To achieve a reduction of this magnitude, the Court will eliminate 8 positions or 3% of its workforce for six months, reducing the ability of the Court to efficiently adjudicate cases at a time when the State is mandating more stringent penalties in cases such as Driving Under the Influence. These new guidelines extend the time it takes to process cases as the ramifications of the outcome become more serious for the defendant.

Finally, the Council budget requires District Court to make \$49,245 in reductions to its 53000 and other accounts. Reductions of this magnitude will limit funding for the Court's performance measurement project, the dispute resolution center, and the Court's Failure to Appear Pilot Project. The Failure to Appear Pilot Project is particularly important as it is thought that phone reminders will increase the likelihood of defendants showing up for their court hearings and reducing the likelihood of increased jail time resulting from defendants who fail to appear.

Section 34. JUDICIAL ADMINISTRATION: Page 30, lines 713 through 723.

Council's appropriation of \$12,002,938 fails to provide Judicial Administration with sufficient funds to provide court clerk support to Superior Court. The Council budget reduces funding to Judicial Administration by \$233,591 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. Judicial Administration, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore Judicial Administration's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires Judicial Administration to generate \$200,000 in savings through vacancy reductions. In order to achieve this level of savings, Judicial Administration will reduce six positions or 3% of its workforce. Eliminating these caseflow and customer service positions will translate into drastic increases in the amount of time it takes Judicial Administration to process documents for the Court's and public's use. For instance the customer service reductions will lead to longer lines, file access delays, longer waits on the phone, and reductions in service levels to victims of domestic violence who are seeking the Court's assistance in securing domestic violence protection orders.

The Council budget also requires Judicial Administration to take reductions of \$33,591 to its 53000 and other accounts. Judicial Administration's 53000 accounts hold all contract monies related to King County's highly successful Drug Court program. Reductions included in the Council budget will mean fewer defendants will have access to the treatment services provided by Drug Court. Also included in these accounts is funding for legally-mandated services such as service to parents in dependency cases, payment of witness expenses in criminal cases, and postage for mailing legal notices on juvenile offender cases to parents and defendants.

Section 39. SALARY AND WAGE CONTINGENCY: Pages 31 through 32, lines 737 through 756.

Council included a proviso in this section which requires submission of a report on Classification/Compensation implementation by February 15, 2001. The data will not be available by February 15 in order to compile a report with a broad scope as outlined in the proviso.

Section 42. ASSESSMENTS: Pages 32 through 33, lines 763 through 779.

Council's appropriation of \$15,852,325 is insufficient, and will limit the agency's ability to carry out its mandated functions due to staffing restrictions equivalent to 3.0 FTEs for six months.

The Council's proviso requiring the consideration of all appeals prior to the mailing of subsequent year's assessments being mailed to residents does not offer a practical solution to the area of concern intended to be addressed. In the Assessor's opinion, it would be extremely difficult to conduct all appeals hearings prior to the mailing date of new valuations. Numerous appeals (especially commercial appeals, i.e., Boeing) continue for several years because they move from the local level to the State Board of Appeals. Additionally, the proviso is poorly worded because (1) "tax" is used interchangeably for "valuation," (2) "Board of Appeals" is used for King County's "Board of Equalization," (3) tax statements are sent and taxes collected by the Finance Department, and (4) the proviso, in some cases, contradicts agency (Board of Equalization/Appeals, Finance, and Assessor) duties and responsibilities as specified in the RCW.

Most importantly, without sending out valuation notices, the County cannot collect property taxes.

Section 43. CX TRANSFERS: Page 33, lines 780 through 782.

Council's appropriation of \$31,024,125 is insufficient and the following programs will be impacted by the Council reductions:

The Council arbitrarily reduced the payments to the Major Maintenance Fund by \$2,206,000. This has the effect of deferring \$2 million of existing building safety and repair needs. Further, this deferral does not result in a savings, but rather a transparent borrowing from the Major Maintenance Reserve Fund. This skipped \$2 million payment is analogous to skipping a mortgage or a car payment. The obligation is not reduced but rather increases in future years due to the accrual of “interest” on the foregone payment.

The Council’s budget cut \$400,000 from the transfer to Public Health. If the reduction is to be met, Public Health will be forced to take a direct service reduction in the Child Care program, which would cause a significant reduction in services provided. This program provides services to approximately 28,300 children at many sites throughout the County, and the reduction will affect low-income families disproportionately due to their more limited childcare choices. This reduction will also have an impact on other medically related areas of concern, such as communicable diseases, infectious disease program elements, and aspects in employability for low income women.

The Council’s budget included a cut of \$145,000 cut from the transfer to the Department of Development and Environmental Services (DDES). This reduction should be restored in order for DDES to carry out the body of work required by the proviso in Section 84, page 54, lines 1317 through 1322 of the Council’s budget. Without the \$145,000, DDES has an unfunded mandate to which they cannot respond by the prescribed date of April 15, 2001.

Council cut \$1,000,000 from the ITS PC Replacement project, even though this is one element in the ITS Strategic Plan the Council has indicated in public testimony they supported. ITS has already started the process with a tech bond expenditure in 2000 of approximately \$1,000,000. By skipping any further Current Expense Fund PC replacement efforts in 2001, we will see effects in the out-years when we have numbers of machines needing replacement that exceeds the expected 25% of the inventory. The result may be reduced services levels in Current Expense agencies due to increased PC maintenance costs and down times.

\$1,236,480 was cut from the Building Repair/Replacement transfer to the General Government CIP. The cuts in the General Government Capital Program would result in the reduction of 11.5 highly skilled and difficult to replace, staff positions. These positions include carpenters, electricians, painters, plumbers and project managers. Council specifically cut the King County District Court Disabled Access Projects. These projects fund the work necessary to insure that disabled persons have access to the District Court's courtrooms and offices through compliance with the requirements of the Americans with Disabilities Act (ADA). Given the nature of the business transacted at the District Court offices, it is imperative that these facilities are accessible to everyone.

Several security projects were also eliminated. The appropriation included funds for design, construction documents, installation of the initial wiring and head-end equipment for the parking garage, installation of security cameras and other improvements in the vehicles and vessels licensing area and the installation of five security cameras in and

around the Yesler Building. These cameras are necessary for the safety of the temporary courtrooms that will be located in the building during the Courthouse renovation project

Lastly, the Council also eliminated the County Assessor's 8th floor remodel project. The project, when completed, would free up approximately 4,000 square feet of office space. This space would be used to house a portion of the Prosecuting Attorney's operation, which is currently leasing privately owned space.

Section 44. ADULT AND JUVENILE DETENTION: Pages 33 through 34, lines 783 through 809.

Council's appropriation of \$102,029,726 fails to provide Adult and Juvenile Detention with sufficient funds to operate safe, secure, and humane King County correctional facilities. The Council budget reduces funding to Adult & Juvenile Detention by \$359,617 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. Adult & Juvenile Detention, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore Adult & Juvenile Detention's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires Adult & Juvenile Detention to generate \$656,716 in savings through vacancy reductions. A cut of this magnitude would require the Adult & Juvenile Detention to eliminate 32 positions or 3% of its workforce for six months. The analysis upon which the Council based this vacancy reduction plan was faulty in that some of the vacant positions in the department had already been reduced during the Proposed phase of the budget. Other positions are backfilled on overtime to meet basic service requirements.

The Council budget also requires Adult & Juvenile Detention to generate \$300,000 in population reduction savings and \$141,162 in unexplained savings. At the same time the Council budget provides Adult & Juvenile Detention with \$738,261 in additional funding to re-establish Third Shift Booking operations at the Regional Justice Center. This operation had been closed earlier this year in response to I-695.

While providing funding for restoration of discretionary new services, such as Third Shift Booking, the Council budget jeopardizes Adult & Juvenile Detention's ability to satisfactorily maintain existing services. The total reductions to Adult & Juvenile Detention threaten the County's ability to operate its jails within the terms of the negotiated settlement of the Federal District Court *Hammer* lawsuit. The reductions would result in additional mandatory overtime expenditures at time-and-a-half, completely offsetting any savings. Finally, the reductions will likely result in a less efficient classification system, which could result in the need to double bunk additional beds at a cost of \$350,000 per unit per year.



Section 45. COMMUNITY SERVICES DIVISION: Pages 34 through 43, lines 810 through 1049.

Council's appropriation of \$11,978,366 for the Community Services Division fails to provide sufficient funds for the County's 2001 human services programs. While the Council budget increased funding for community contracts in the 2001 appropriation, sufficient funding for staffing to support the administration of those contracts was not included with the Council appropriation.

Specifically, the Council budget requires the Community Services Division to generate \$150,106 in savings through vacancy reductions. A cut of this magnitude would require the Community Services Division to eliminate 4 positions or 11% of its workforce for six months. The reduced staffing levels will extend the time it takes to process child care vouchers for families, make payments to contractors, write and implement special programs contracts and perform other administrative functions in a timely manner.

The Council budget further jeopardizes services to the citizens of King County by requiring the Community Services Division to shift \$160,000 of funds allocated in the Proposed budget to accommodate an unexplained Council directive regarding work crews. Not only does the directive lack legislative intent, but also this restriction compels the Community Services Division to reduce programs to accommodate this new, unfunded program.

Section 46. PUBLIC DEFENSE: Pages 44 through 45, lines 1050 through 1076.

Council's appropriation of \$27,218,895 fails to provide Public Defense with sufficient funds to provide indigent public defense services. The Council budget reduces funding to Public Defense by \$254,327 from the Proposed level. Reductions of this magnitude will likely create future funding liabilities to the Current Expense Fund for which the Council budget fails to account. The Office of Public Defense, along with the other criminal justice agencies, indicates that a mid-year supplemental request is likely in order to continue basic operations. Supplemental appropriations to restore the Public Defense's reductions, along with those of the other criminal justice agencies, will more than exhaust the \$2 million reserved in Executive Contingency.

Specifically, the Council budget requires Public Defense to eliminate 2.5 positions for six months to achieve the \$85,568 vacancy reduction. This reduction includes an indigency interviewer that is currently being backfilled. Public Defense will eliminate one additional interviewer for 6 months to achieve the full vacancy dollar reduction. The Interviewer positions assess a defendant's eligibility for public defense services. The loss of these positions would double the waiting time for defendants to be screened for eligibility. In addition, this cut would decrease - or completely eliminate - indigency interviewers in many of the District Court Branches. The Council budget additionally cuts the Public Defense's Assistant Administrator position. This position was held vacant by Public Defense assuming adoption of the two administrative positions included in the Proposed budget based on a professional recommendation by The Spangenberg Public Defense Study. Council cut these positions along with the Assistant Administrator

position, thus crippling the agency's ability to properly manage indigent defense services in King County.

The Council budget also includes a proviso for which it fails to reserve implementation. The Council budget eliminates \$207,725 in funding that had been included in the Proposed budget to implement the administrative recommendations of the Public Defense Study and uses the money elsewhere. Meanwhile, the Council budget establishes its intent on ultimately implementing these recommendations by requiring the Budget Office to develop a plan for doing so. Unfortunately, this would create a future funding liability on the Current Expense fund for which the Council budget does not reserve.

Finally, the Council budget includes a proviso that designates \$40,000 of the savings generated by eliminating funding for implementing the administrative recommendations of the Public Defense Study towards information technology improvements. Because the previous proviso suggests Council still plans on implementing the administrative recommendations, spending this money on technology improvements represents a potential double allocation of these funds.

Section 68. RIVER IMPROVEMENT: Page 48, lines 1150 through 1153.

Funding for this activity is not adequately provided for in Ordinance 2000-598.2 which sets property tax revenues lower than necessary to support this expenditure.

Also, with the failure to adopt an ordinance reauthorizing the Rural Drainage Program (RDP) fee, certain expenses related to necessary river maintenance projects in rural areas may have to be funded from the River Improvement Fund (RIF) instead of from the RDP where they were appropriately budgeted for 2001. Moreover, the revenue assumptions embodied in the Council's budget for this fund mean that with the Council's level of expenditures, RIF's financial plan cannot meet its target fund balance.

Section 69. VETERANS PROGRAM: Page 48, lines 1154 through 1157.

Funding for this activity is not adequately provided for in Ordinance 2000-598.2 which sets property tax revenues lower than necessary to support this expenditure.

Section 70. DEVELOPMENTAL DISABILITIES: Page 48, lines 1158 through 1161.

Funding for this activity is not adequately provided for in Ordinance 2000-598.2 which sets property tax revenues lower than necessary to support this expenditure.

Section 74. MHCADS – MENTAL HEALTH: Page 49, lines 1174 through 1177.

Funding for this activity is not adequately provided for in Ordinance 2000-598.2 which sets property tax revenues lower than necessary to support this expenditure.

Section 76. EMERGENCY MEDICAL SERVICES: Page 49, lines 1189 through 1192.

Funding for this activity is not adequately provided for in Ordinance 2000-598.2 which sets property tax revenues lower than necessary to support this expenditure.

Section 77. WATER & LAND RESOURCES (SWM): Pages 49 through 51, lines 1193 through 1227.

Council's budget for the Surface Water Management (SWM) section of Water and Land Resources (WLRD) includes expenditures added by Council that leaves the WLR/SWM Fund financial plan about \$415,000 below its target minimum fund balance of approximately \$850,000. Further, this section includes revenues that form part of Council's attempt to replace King Conservation District revenues with funds from other sources. This section of the budget also includes an unmanageable proviso that would limit WLRD's expenditures to 17% of its annual appropriation pending adoption by Council of an ordinance establishing financial policies for this agency.

Section 78. RURAL DRAINAGE: Pages 51 through 52, lines 1228 through 1249.

With the failure to adopt an ordinance reauthorizing the Rural Drainage Program (RDP) fee, this appropriation cannot be collected or spent by the RDP, the Department of Natural Resources (DNR), the Water and Land Resources Division (of DNR), or King County.

The entire RDP operating and capital programs would be eliminated, including 13.09 FTEs, currently appropriated in Section 77, Water and Land Resources (7.49 FTEs); Section 84, DDES (3.0 FTEs); and Section 71, Resource Lands and Open Space (2.6 FTEs). WLRD would also lose the opportunity to recover overhead costs of \$366,000 from the RDP through loan-out labor. \$334,000 in RDP revenue was also budgeted to support drainage facility maintenance costs and WRIA 7 commitments, which would need to be covered through the reallocation of River Improvement Fund (RIF), Ordinance Section 68, or other DNR funding sources.

King Conservation District Funding

Council has constructed a one-time King Conservation District (KCD) fee replacement funding model drawing on a number of County funding sources in addition to RDP funding of \$164,000 from cancelled rural (RDP) capital spending. There are serious questions about the appropriateness of this funding model. Included in this model are contributions from the following funds:

| <u>Fund source</u>                               | <u>Amount</u> |
|--|---------------|
| Conservation Futures Levy                        | \$ 787,643    |
| Cancelled WLR/SWM CIP projects                   | 255,000       |
| Wastewater Treatment Division (Culver III funds) | 691,129       |

|  |                     |
|--|---------------------|
| WLR/SWM Operating funds                        | 70,000              |
| DNR Administration contributions*              | 215,016             |
| REET funds, from a reduced Parks CIP project   | 20,000              |
| RDP funds; from rural capital spending (above) | <u>164,000</u>      |
| <b>Total KCD fee replacement “patch”</b>       | <b>\$ 2,202,788</b> |

\* DNR Admin. Derives its “revenue” by allocating its costs across the various divisions within DNR: Solid Waste, Water and Land Resources (including SWM, RIF and ICRIF), Wastewater Treatment (WTD) and the Solid Waste Marketing Commission.

This KCD fee replacement funding model presents numerous problems. In the first place, it is a one-time, temporary, solution to ongoing programmatic and service needs. There are also funding restrictions on each of the funding sources included in this revenue “patch”. Conservation Futures may only be spent on qualified open space acquisitions. WTD and WLR/SWM have limited service areas within which their revenues are to be expended for programs and projects related to the transmission and processing of sewage and the monitoring and control of surface water, respectively. WTD may contribute to or make expenditures on some programs or projects outside its core business only if a “nexus” (a legal and logical connection) can be established with WTD’s core business and mission. Each of the two REET funds has restrictions on its use, which is limited to projects located in the unincorporated area of King County or which have benefit to the unincorporated area. The RDP fee, not re-authorized by Council, should not have been included as a source of funding.

Another potential issue concerns the \$499,145 or 23% of the proposed funding flowing to the King Conservation District for administrative costs, farm management plans, and other KCD programs and projects. Made up of a variety of funding sources, each of which is restricted in particular ways, this one-time KCD revenue “patch” would be complex and difficult to manage, and it is not clear that it would be workable at all. The recommended method of funding the King Conservation District work program would be to extend the KCD \$5.00 per parcel fee.

Section 79. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM (AFIS):  
Page 52, lines 1250 through 1267.

Funding for this activity is not adequately provided for in Ordinance 2000-598.2 which sets property tax revenues lower than necessary to support this expenditure.

Section 80. MHCADS – ALCOHOLISM AND SUBSTANCE ABUSE: Page 52  
through 53, lines 1268 through 1284.

Council’s appropriation of \$20,597,455 to the alcohol and substance abuse fund fails to provide sufficient funds for the County’s 2001 alcohol and substance abuse programs.

Specifically, the Council budget eliminates \$197,000 in revenue from the Washington Center defeasance Current Expense Subfund but did not reduce corresponding

expenditures. This brings the fund out of balance, jeopardizing the ability of the County's Cedar Hills Alcohol Treatment Center to continue to provide services to substance abusers.

Section 84. DEVELOPMENT AND ENVIRONMENTAL SERVICES (DDES):  
Pages 54 through 55, lines 1303 through 1322.

The Council Budget places DDES in a difficult financial situation, in that its revenues have been reduced by approximately \$1.4 million. \$720,000 is lost since the fee ordinance language allowing the department to charge current hourly rates when working on "old" permits was excised from the DDES fee ordinance that passed as part of the Council's budget deliberations. \$145,000 is lost as part of the vacancy hiring restriction. \$215,000 of proposed funding is unavailable since the proposed funding source is Wastewater and the \$215,000 is outside the funding criteria established for the use of Wastewater funds. Finally, \$350,000 of proposed funding is not available. Since the proposed funding source is Rural Drainage Program (RDP) funds, Council needs to reauthorize the RDP fee to make these funds available.

A potential source of additional revenue for selected DDES work program areas would be the extension of the King Conservation District fee, which Council has also chosen not to approve.

The first DDES proviso inhibits the department from having the non-permit revenue to carry out the mandate of the proviso that appears on lines 1317 through 1322. The department wishes to support preparation of public rules for the agricultural drainage program (a.k.a. fish and ditch) and needs the \$145,000 in Current Expense support to accomplish this.

Section 87. PUBLIC HEALTH: Page 55, lines 1329 through 1337.

Council's appropriation of \$168,363,663 for Public Health fails to provide sufficient funds for the County's 2001 health programs.

Specifically, the Council budget requires Public Health to generate \$400,000 in Current Expense savings through vacancy reductions. Public Health has determined that a cut of this magnitude would require a reduction of services instead of achieving this amount of savings through salary savings or position freezes. To achieve savings of this magnitude, Public Health will either reduce funding for the Child Care Program or community clinics.

A reduction in the Child Care Program will mean a significant reduction in services provided to the children and families who live in King County. 200 fewer centers and 870 fewer family home providers will have access to on-site nursing, nutrition and mental health consultation, training, screening for special health needs and referral assistance in 2001 than in 2000. The County childcare sites that receive program services served approximately 28,300 children in 2000. After taking this budget reduction, 13,000 less

children will receive services in 2001 than in 2000. These impacts will disproportionately affect low-income families due to their more limited child care choices. The infectious disease control, nutrition, safety and early special needs screening and referral expertise available to child care centers will be drastically reduced, and the potential impact of inadequate child care on employment sustainability for low income women will be significantly increased

A reduction in funding to the community clinics would decrease primary care, dental care, obstetrical care, outreach and access services to low income uninsured families and individuals in King County. Although the Council fully restored Proposed reductions to the community clinics, this is the most viable alternative second to the childcare program reduction.

Section 94. NATURAL RESOURCES ADMINISTRATION: Pages 58 through 59, lines 1396 through 1442.

The Council added two items to this budget that are inappropriate uses of administrative overhead funds charged to the three utilities administered by the department (Solid Waste, Wastewater, and the Surface Water Utility) – both of which would have been funded through my proposed reauthorization of the King Conservation District assessment. These two items are a \$140,016 transfer to the King Conservation District to prepare farm management plans, and a \$75,000 transfer to Resource Lands and Open Space for a livestock management ordinance staff position. Utility fee revenues are not an appropriate funding source for these activities, even if they are funneled through an overhead allocation formula.

Section 99. STADIUM OPERATIONS: Page 62, lines 1503 through 1505.

Council's budget of \$230,000 for the Stadium does not provide sufficient expenditure authority to discharge all the estimated final transition and closing costs. The only alternative funding available to fill a shortfall in the Stadium budget is the Current Expense Fund. It is necessary and appropriate to fully fund the Stadium budget in 2001 and transfer any residual funds to the Current Expense Fund in 2002.

I-NET OPERATIONS (Not Included in the Council's Version of the Budget; Section 100 in the Proposed Budget).

Eliminating the I-Net Operations Unit will prevent bringing key customers such as the King County Library System, the City of Seattle Public Utilities and County agencies onto the I-Net in the first half of 2001 in a pre-production phase, and thereby prevent going into revenue-producing operations scheduled for July, 2001.

The I-Net Operations Unit is being eliminated resulting in cuts of (\$737,490) and (6.0) FTEs and moving the 6.0 FTEs back to Cable Communications. The staffing retained is only enough to do limited work on the I-NET core and support the study of alternate operational models. The 6.0 FTEs are being moved back to Cable Communications from

the Proposed I-Net Operations Unit low org. The I-Net low org in the Office of Cable Communications would thereby be restored with a reduced staff. The remaining 8.0 FTEs and 3.0 TLTs that had been working to complete the installation of I-Net equipment (funded in previous years through the I-Net Capital project) have not been included in the Council's budget, and would therefore be eliminated.

Essentially what the Council has done in the budget is cut all expenditures from the capital project except for a limited amount to support the installation of final core equipment and a management team while further study is done. This will prevent ITS from completing work in the first months of 2001 that would bring the network into operational status. The Council also declined to allow the operational organization to exist until the further study is done and an operational plan is approved. Council has further indicated its intent to hire its own consultant to do this work, instead of ITS hiring a consultant to review the work and recommendations on their behalf.

Section 101. WASTE WATER TREATMENT: Pages 62 through 65, lines 1510 through 1573.

This section contains two significant problems. First, it contains a transfer of \$215,000 to DDES for code development work that was added by the Council and which I believe is an inappropriate use of Wastewater funds. Second, it reprograms the Culver budget in a way that I cannot support.

Wastewater funds continue to be carefully scrutinized by component sewerage agencies with which Wastewater contracts, making it imperative that a legal nexus is established with the Wastewater Fund before any such appropriations are made. We understand that the Council's intent was that the \$215,000 transfer to DDES was to fund code development work made necessary by recent ESA listings. DNR has obtained advice from the Prosecuting Attorney's Office on the subject of appropriate use of sewer revenues for County ESA work. Based on their advice, it has been determined that Wastewater is not a primary and significant beneficiary of the DDES code development work included in the Council Budget, and Wastewater should pay no more than its proportionate share of the costs, which is what was included in my Proposed budget.

The Council's proposed Culver budget eliminates the WaterWorks grant program that has been a successful way of leveraging other public and private dollars to promote water quality throughout the region. In its place, the Council uses the funds to plug the hole left by the Council's failure to enact the ordinance re-authorizing the King Conservation District (KCD) assessment which I transmitted on October 16<sup>th</sup>. I will not support the use of Culver funds to replace the KCD revenues that were to be used for WRIA salmon recovery planning and projects in my proposed re-authorization of the KCD.

Section 104. TRANSIT: Pages 65 through 67, lines 1580 through 1617.

The Council Transit budget authority is inconsistent with the authorized revenue collection amount. This inconsistency is due to the decision to postpone consideration of the Fare Ordinance and the Sales Tax Imposition Ordinance corresponding to the voter-

approved 0.2% Sales Tax. The Council remedy that makes the excess budget authority contingent upon passage of the revenue ordinance is likely to require Transit to postpone plans to implement new service delivery. All or part of this postponement will be made permanent if the terms of the fare ordinance result in significantly less revenue than anticipated in the Proposed budget.

The 0.2 % Local Option Sales Tax Transit Operating Budget proviso language restricting expenditure authority is not an acceptable method of balancing expenditures to revenues. Similarly, the proviso that restricts expenditures equal to the proposed Fare Ordinance not passed by the Council, results in an unbalanced Transit service plan.

The implementation difficulties associated with the Adopt-a-Stop proviso have been reported to Council in a 2000 proviso response. The implementation difficulties include: (1) volunteer maintenance work will raise body of work labor issues, (2) local governments in King County are resistant to the advertising component of the proviso, and (3) the pilot program will not be revenue-backed without sufficient advertising revenue.

Furthermore, the Transit Bellevue Leasing research proviso presents an implementation problem because the lease issue will be considered as part of the six-year plan update scheduled for completion in 2001. This plan update is to include an evaluation of the Transit property near the Meydenbauer Center. The lease options suggested in the proviso will be considered in the plan update.

Section 110. FINANCE – INTERNAL SERVICE: Pages 68 through 70, lines 1642 through 1694.

The number of FTEs included in Council's budget and the provisos fail to recognize the immediate need for permanent FTEs to operate the new Human Resources/Payroll system. The daily operations of both the PeopleSoft and MSA payroll systems, which produce biweekly and semimonthly payroll for up to 18,000 employees, are currently maintained by consultants, contractors and temporary employees.

The restriction of \$1,686,820 and 14.00 FTEs will seriously delay and prevent a smooth transition and greatly impair an effective knowledge transfer process from current staff contractors and consultants to permanent County employees. The Council's own consultants recognize this risk in their most recent report which states:

*"The County is at serious risk of not having County employees in key positions to operate the new system and may have to continue relying on TLT and consultants to operate and maintain the system."*

Without adequate funding and resources, there would be a significant increase in the risk that a major problem in preparing and issuing PeopleSoft and MSA payroll will be encountered. The inability to hire requested staff and provide training could very likely result in various problems, such as: (1) missing payroll deadlines, which would lead to a



higher error rate in payroll; (2) slower development of required program changes leading to slower implementation of labor contracts and annual changes such as COLA, merit and open enrollment of benefits; (3) reduced testing of changes leading to problematic implementation in the production system; (4) longer lead times for retroactive payments; (5) potential disruption of the retro pay process; (6) penalties and interest for late filing of required state and federal reports; (7) expensive manual correction processes; (7) potential overpayments to employees; (8) inaccurate paychecks leading to issuance of manual checks; (9) untimely and inaccurate reporting to PERS; (10) failure to provide new employees with timely benefits and accrual of leave benefits; and (11) a significant risk that the reduced O&M team would probably be unable to make the corrections in a timely manner, with a corresponding degradation of system integrity.

The proviso in lines 1667 through 1671 requires Finance to spend \$250,000 to fund the independent consultant to the County auditors related to the Human Resources/Payroll system and FSRP. The Council's budget provides no revenue to pay for this expenditure.

The proviso in lines 1672 through 1681 restricts an unspecified \$50,000 of expenditure authority and requires submission of a plan to restart the financial systems replacement project (FSRP) based on the assessment of the program conducted by Dye Management, which will not be completed until May, 2001. The effort to plan a restart requires resources with specific skills and knowledge of FSRP and SAP financial systems. The Council's budget includes no funding or resources required for the evaluation and study to develop a plan to restart the financial system replacement project. Furthermore, the timeline set by the council does not provide the agency with adequate time to develop a complete and accurate plan for FSRP restart.

Section 112. DEPARTMENT OF CONSTRUCTION AND FACILITIES  
MANAGEMENT INTERNAL SERVICE FUND: Pages 70 through 71, lines 1709  
through 1722.

The DCFM proviso would impound almost \$1 million and 19.5 vacant FTEs while a report is presented and approved by the Council. The report concerns the parking lot at 6<sup>th</sup> and Jefferson Streets. A report presenting the advantages and disadvantages of six options was presented to the council on November 15, 2000. However, in order to be approved by the Council, the plan "shall include an assessment of privatization of lot operations" and is intended to "increase revenues and decrease costs through automation." Privatization may be contrary to County Code, State law or existing labor agreements. Increased revenues and decreased costs may be mutually exclusive goals, i.e., the cost of automation may exceed the additional revenue received. The department is willing to consider any improvements to any of the facilities it manages, but this proviso, required to be submitted by February 1, 2001, is misguided and excessive.

Section 114. ITS – TECHNOLOGY SERVICES: Pages 71 through 73, lines 1727  
through 1774.

Council's appropriation of \$24,966,154 restricts the ITS budget in several key areas, resulting in negative service impacts and the loss of key staff positions.

Council's budget reduces the ITS budget by \$1,581,891. In addition, 5.0 FTEs and 3.0 TLTs were extracted from the ITS budget and added to the newly-created Office of Information Resource Management (OIRM) for \$681,000, which was ultimately not included in the final version of the budget. These positions were not restored to ITS when the OIRM was eliminated. By not restoring these existing FTEs that are currently in place in ITS, the Council has created a situation where there will be limited staffing to perform necessary functions in 2001 since these positions will be cut and the employees terminated.

Other specific items cut from the ITS budget include: (1) the Project Review Team (\$291,276); (2) the Assistant Manager position (\$117,000); (3) the vacant Planning/Project Management FTEs (\$420,000); (4) the requested TLTs (\$261,000); (5) the Network Equipment Replacement (\$300,000); (6) the Distributed Systems Support (DSS) Equipment Replacement (\$129,000); and (7) the FTE for DSS staff (\$63,433).

Assuming that the Chief Information Office and the Manager of ITS duties end up being handled by one position, the Assistant Division Manager position will become critical to ITS operations. Not providing this position will adversely impact the agency's ability to service the needs of client agencies.

Funding for Current Expense Fund PC replacement (ITS Capital Fund 3781) was totally cut in the Council budget, even though this is one element in the Strategic Plan the Council initially said they approved. ITS has already started the replacement process with an expenditure in 2000 of approximately \$1,000,000. By skipping any further Current Expense PC replacement efforts in 2001, the County will see negative effects in subsequent years when the number of machines needing replacement will exceed the annual expected 25% replacement level. The result may be reduced services levels in Current Expense agencies due to increased PC maintenance costs and down times, and reduced capability of some PCs to function with newer software.

With regard to the proviso regarding Enterprise-Wide Licensing Software due by January 31, 2001, the deadline for signing up for Microsoft enterprise licensing under the State agreement is January 15th. Even if the report is completed and provided to the Council in December of 2000, the restriction on encumbrance or expenditure until their approval is granted would likely cause the County to miss this deadline. This would leave the County without the ability to contract under the State agreement, so the County would have to negotiate a separate deal with Microsoft. A separate agreement will be approximately 30% more expensive than using the State contract.

The E-Commerce proviso calls for a report to be submitted by January 31, 2001. The purpose for the position funded for E-Commerce is to serve as a focal point for final development and implementation of the exact policies and guidelines the Council wants, and then working with agencies to develop plans for implementing E-Commerce

solutions. By restricting expenditures until the guidelines have been approved by the Council, ITS will have to continue its efforts to accomplish this task within current staffing and workload demands. This has so far proven unacceptable to the Council, so further restricting ITS staffing ability to deal with the issue will likely result in further frustration on Council's part.

Section 117. MOTOR POOL: Page 75, lines 1817 through 1855.

The Council requirement mandating the delay of vehicle purchases, in the form of a budget reduction, is an unnecessary duplication of a vehicle life extension initiative in the Proposed budget. The Council's additional vehicle life extension is likely to result in higher maintenance costs, more vehicle downtime, lower salvage value, and higher replacement costs for the replacement vehicle. Sheriff vehicles are already at a vehicle life beyond regional and national law enforcement agency standards.

The proviso mandating vehicle selection, replacement and assignment policies and reporting duplicates an on-going Executive administrative policy initiative. The proviso restriction on expenditure authority pending Council acceptance of a policy response may conflict with bid schedules.

Section 122. CAPITAL IMPROVEMENT PROGRAM: Pages 77 through 91, lines 1879 through 2202.

I have grave concerns about specific elements within the overall capital improvement program budget as passed by the Council. I am highlighting below some of these areas of concern.

Fund 3151. CONSERVATION FUTURES SUB-FUND: Page 78, line 1896.

This appropriation includes an allocation of \$787,643 to Water Resource Inventory Area (WRIA) funding from the Conservation Futures Levy (CFL) Fund. Since prior allocations of King Conservation District assessment revenues to WRIA's (which this is intended to help replace) have been used for staffing and consulting costs, this is potentially an illegal use of CFL revenues. According to RCW 84.34.220 and 84.34.240, Conservation Futures Levy funds may be used solely for property acquisition. Since the WRIA funding included in the Council Adopted Budget may be used for ongoing staffing and operating costs this allocation of CFL revenues does not meet this statutory requirement.

Ordinance 13717, adopted unanimously by the Council, establishes the Conservation Futures Citizens Oversight Committee to make recommendations on the allocation of these funds. This appropriation violates that ordinance and jeopardizes King County's ongoing effort to work cooperatively with our 39 city partners. Under Ordinance 13717, the Council may allocate \$500,000 and 5% of total fund revenues or \$801,397 in 2001. In this budget, Council actually allocates \$2,447,643 or 205% of the Council allotment.

Fund 3292. SWM CIP NON-BOND SUB-FUND: Page 78, line 1903.

The SWM CIP project cancellations adopted by the Council, to fund the 2001 one-time King Conservation District (KCD) fee replacement model, are not appropriate and divert resources from an already limited source of SWM CIP funding.

As stated earlier in the write up of Section 78, Rural Drainage, and in the discussion of Council's adopted KCD fee replacement model, Council's construct of the KCD fee replacement model is flawed and fraught with legal issues.

Fund 3421. MAJOR MAINTENANCE RESERVE SUB-FUND: Page 78, line 1909.

In 1999, after several years of discussion, the Council adopted a fully funded financial plan to ensure that all County owned buildings would be properly maintained in a safe and business like manner. Existing building deficiencies were identified and were to be financed with a series of charges so they could be fully financed within 10 years. In addition, prospective charges were developed to ensure that sufficient funds would be available to finance ongoing major system requirements to keep buildings in good condition. The sum of these payments became annual charges that were incorporated into the budgets and the cash was to be used to finance a large backlog of immediate projects.

The Council appropriation of \$6,979,618 reduces the appropriation by \$2 million. This has the effect of deferring \$2 million of existing building safety and repair needs. Further, this deferral is not a savings, but instead a transparent borrowing from the Major Maintenance Reserve Fund. This skipped \$2 million payment is analogous to skipping a mortgage or a car payment. The obligation is not reduced, but rather increases in future years due to the accrual of "interest" on the foregone payment

Fund 3641. PUBLIC TRANS. CONST. - UNRESTRICTED: Page 79, line 1914.

The Council Transit budget authority is inconsistent with the authorized revenue collection amount. This inconsistency is due to the decision to postpone consideration of the Fare Ordinance and the Sales Tax Imposition Ordinance for the voter-approved 0.2% Sales Tax measure. The Council remedy that makes the excess budget authority contingent upon passage of the revenue ordinances is likely to require Transit to postpone plans to implement selected capital projects. Since the expenditure contingency proviso is at the Fund level rather than the project level, Transit will need to select the CIP projects necessary to postpone.

The Linden Avenue N/N 143<sup>rd</sup> Street bus zone proviso presents concerns for the following reasons, 1.) It is unnecessary because the funding is already planned for expenditure contingent on City of Seattle commitment, and 2.) The amount specified in the proviso is less than the estimated project cost.

Fund 3681. REAL ESTATE EXCIST TAX # 1: Page 79, line 1916.

Fund 3682. REAL ESTATE EXCISE TAX # 2: Page 79, line 1917.

These two funds, within the Capital Improvement Program, prematurely commit \$300,000 in funding to the Burke Gilman Trail, commit substantial funds to an acquisition partially within a city which is already protected under the Farmland Preservation Act and violate state law with regard to the use of REET 2 funding for the Magnolia Farm acquisition. The study to evaluate alternatives for the Burke Gilman Trail Bank Stabilization project, and its public process is not complete. The Magnolia Farm acquisition is partially inside the city of Bothell. The Magnolia Farm development rights have already been acquired and it is therefore not “threatened”. In addition, the use of REET 2 funds, for acquisition is illegal under State law.

Fund 3951. BUILDING REPAIR AND REPLACEMENT SUB-FUND: Page 79, line 1924.

The reduction of \$1,236,704 in Current Expense support to the General Government Capital Program will result in the reduction of 11.5 highly skill and difficult to replace staff positions. These positions, includes carpenters, electricians, painter, plumbers, and project managers.

The reductions, also eliminates the King County District Court’s Disabled Access Projects. These projects fund the work necessary to insure that disabled persons have access to the District Court’s courtrooms and offices through compliance with the requirements of the American Disabilities Act. Given the nature of the business transacted at the District Courts, it is imperative that these facilities are made accessible to everyone.

The cuts also eliminated the County Assessor’s remodel project in the Administration Building. The project, when completed would free up approximately 4,000 square feet of office space. This space would then be used to house a portion of the Prosecuting Attorney’s Office operation that is currently leasing private office space.

The Council also passed a budget proviso that stipulated that the Countywide Space Plan Update Project included funding for the completion a through cost-benefit analysis regarding renewing expiring leases in 2003 and 2004 versus purchasing or constructing new office space. The proviso further called for a review of all current opportunities for purchase of existing buildings and estimated costs. It required the agency to detail a critical timeline working backwards from occupation of a new space, construction, permitting, design, selection of a development team if the cost-benefit analysis and the agency’s recommendation is to build new space.

The proviso implies that this additional scope of work is funded in the current space-planning request and it is not. The space plan request was to implement the actual space audit, provide an analysis, projection and recommendation of the existing space/office conditions in the County and project what would be required to make the County whole. The additional scope of work is beyond the currently envisioned plan and requires additional resources to adequately address the issues raised.

Section 123. ROADS CAPITAL IMPROVEMENT PROGRAM: Pages 91 through 92, lines 2203 through 2226.

The Council's Road Service budget depends in part on the \$1.5 million fiscal effect of the proposed Mitigation Payment System Ordinance. The Council decision to defer action on the MPS Ordinance causes an imbalance between the budget authority and authorized revenue collection authority. In addition, the ordinance adoption is necessary to restore 37 projects to the list of projects for which MPS funding is collected. Without the MPS Ordinance adoption, 25 of these projects in Issaquah and Redmond will be removed from the MPS project list and the interlocal agreements will be voided.

Section 124. WASTEWATER TREATMENT CAPITAL IMPROVEMENT PROGRAM: Pages 92 through 94, lines 2227 through 2294.

The Council added several capital appropriations and provisos stipulating the uses of existing capital appropriations that are inappropriate uses of sewer revenues and/or bond proceeds supported by sewer revenues.